

**Introduced by Senator Hertzberg**

February 26, 2015

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An act to amend Section 2827 of the Public Utilities Code, relating to electricity.

## LEGISLATIVE COUNSEL'S DIGEST

SB 550, as introduced, Hertzberg. Net energy metering: co-energy metering.

Existing law relative to private energy producers requires every electric utility to develop a standard contract or tariff providing for net energy metering and to make this contract or tariff available to eligible customer-generators upon request for generation by a renewable electrical generation facility. Existing law authorizes a local publicly owned electric utility to elect to instead offer co-energy metering, which uses a generation-to-generation energy and time-of-use credit formula.

This bill would make a nonsubstantive revision to the net energy metering provisions applicable to a local publicly owned electric utility.

Vote: majority. Appropriation: no. Fiscal committee: no.  
State-mandated local program: no.

*The people of the State of California do enact as follows:*

- 1     SECTION 1. Section 2827 of the Public Utilities Code is
- 2     amended to read:
- 3     2827. (a) The Legislature finds and declares that a program
- 4     to provide net energy metering combined with net surplus
- 5     compensation, co-energy metering, and wind energy co-metering
- 6     for eligible customer-generators is one way to encourage substantial
- 7     private investment in renewable energy resources, stimulate in-state



1 economic growth, reduce demand for electricity during peak  
2 consumption periods, help stabilize California's energy supply  
3 infrastructure, enhance the continued diversification of California's  
4 energy resource mix, reduce interconnection and administrative  
5 costs for electricity suppliers, and encourage conservation and  
6 efficiency.

7 (b) As used in this section, the following terms have the  
8 following meanings:

9 (1) "Co-energy metering" means a program that is the same in  
10 all other respects as a net energy metering program, except that  
11 the local publicly owned electric utility has elected to apply a  
12 generation-to-generation energy and time-of-use credit formula  
13 as provided in subdivision (i).

14 (2) "Electrical cooperative" means an electrical cooperative as  
15 defined in Section 2776.

16 (3) "Electric utility" means an electrical corporation, a local  
17 publicly owned electric utility, or an electrical cooperative, or any  
18 other entity, except an electric service provider, that offers electrical  
19 service. This section shall not apply to a local publicly owned  
20 electric utility that serves more than 750,000 customers and that  
21 also conveys water to its customers.

22 (4) (A) "Eligible customer-generator" means a residential  
23 customer, small commercial customer as defined in subdivision  
24 (h) of Section 331, or commercial, industrial, or agricultural  
25 customer of an electric utility, who uses a renewable electrical  
26 generation facility, or a combination of those facilities, with a total  
27 capacity of not more than one megawatt, that is located on the  
28 customer's owned, leased, or rented premises, and is interconnected  
29 and operates in parallel with the electrical grid, and is intended  
30 primarily to offset part or all of the customer's own electrical  
31 requirements.

32 (B) (i) Notwithstanding subparagraph (A), "eligible  
33 customer-generator" includes the Department of Corrections and  
34 Rehabilitation using a renewable electrical generation technology,  
35 or a combination of renewable electrical generation technologies,  
36 with a total capacity of not more than eight megawatts, that is  
37 located on the department's owned, leased, or rented premises,  
38 and is interconnected and operates in parallel with the electrical  
39 grid, and is intended primarily to offset part or all of the facility's  
40 own electrical requirements. The amount of any wind generation



1 exported to the electrical grid shall not exceed 1.35 megawatt at  
2 any time.

3 (ii) Notwithstanding any other law, an electrical corporation  
4 shall be afforded a prudent but necessary time, as determined by  
5 the executive director of the commission, to study the impacts of  
6 a request for interconnection of a renewable generator with a  
7 capacity of greater than one megawatt under this subparagraph. If  
8 the study reveals the need for upgrades to the transmission or  
9 distribution system arising solely from the interconnection, the  
10 electrical corporation shall be afforded the time necessary to  
11 complete those upgrades before the interconnection and those costs  
12 shall be borne by the customer-generator. Upgrade projects shall  
13 comply with applicable state and federal requirements, including  
14 requirements of the Federal Energy Regulatory Commission.

15 (5) “Large electrical corporation” means an electrical  
16 corporation with more than 100,000 service connections in  
17 California.

18 (6) “Net energy metering” means measuring the difference  
19 between the electricity supplied through the electrical grid and the  
20 electricity generated by an eligible customer-generator and fed  
21 back to the electrical grid over a 12-month period as described in  
22 subdivisions (c) and (h).

23 (7) “Net surplus customer-generator” means an eligible  
24 customer-generator that generates more electricity during a  
25 12-month period than is supplied by the electric utility to the  
26 eligible customer-generator during the same 12-month period.

27 (8) “Net surplus electricity” means all electricity generated by  
28 an eligible customer-generator measured in kilowatthours over a  
29 12-month period that exceeds the amount of electricity consumed  
30 by that eligible customer-generator.

31 (9) “Net surplus electricity compensation” means a per  
32 kilowatthour rate offered by the electric utility to the net surplus  
33 customer-generator for net surplus electricity that is set by the  
34 ratemaking authority pursuant to subdivision (h).

35 (10) “Ratemaking authority” means, for an electrical  
36 corporation, the commission, for an electrical cooperative, its  
37 ratesetting body selected by its shareholders or members, and for  
38 a local publicly owned electric utility, the local elected body  
39 responsible for setting the rates of the local publicly owned utility.



(11) “Renewable electrical generation facility” means a facility that generates electricity from a renewable source listed in paragraph (1) of subdivision (a) of Section 25741 of the Public Resources Code. A small hydroelectric generation facility is not an eligible renewable electrical generation facility if it will cause an adverse impact on instream beneficial uses or cause a change in the volume or timing of streamflow.

(12) “Wind energy co-metering” means any wind energy project greater than 50 kilowatts, but not exceeding one megawatt, where the difference between the electricity supplied through the electrical grid and the electricity generated by an eligible customer-generator and fed back to the electrical grid over a 12-month period is as described in subdivision (h). Wind energy co-metering shall be accomplished pursuant to Section 2827.8.

(c) (1) Except as provided in paragraph (4) and in Section 2827.1, every electric utility shall develop a standard contract or tariff providing for net energy metering, and shall make this standard contract or tariff available to eligible customer-generators, upon request, on a first-come-first-served basis until the time that the total rated generating capacity used by eligible customer-generators exceeds 5 percent of the electric utility’s aggregate customer peak demand. Net energy metering shall be accomplished using a single meter capable of registering the flow of electricity in two directions. An additional meter or meters to monitor the flow of electricity in each direction may be installed with the consent of the eligible customer-generator, at the expense of the electric utility, and the additional metering shall be used only to provide the information necessary to accurately bill or credit the eligible customer-generator pursuant to subdivision (h), or to collect generating system performance information for research purposes relative to a renewable electrical generation facility. If the existing electrical meter of an eligible customer-generator is not capable of measuring the flow of electricity in two directions, the eligible customer-generator shall be responsible for all expenses involved in purchasing and installing a meter that is able to measure electricity flow in two directions. If an additional meter or meters are installed, the net energy metering calculation shall yield a result identical to that of a single meter. An eligible customer-generator that is receiving service other than through the standard contract or tariff may elect



1 to receive service through the standard contract or tariff until the  
2 electric utility reaches the generation limit set forth in this  
3 paragraph. Once the generation limit is reached, only eligible  
4 customer-generators that had previously elected to receive service  
5 pursuant to the standard contract or tariff have a right to continue  
6 to receive service pursuant to the standard contract or tariff.  
7 Eligibility for net energy metering does not limit an eligible  
8 customer-generator's eligibility for any other rebate, incentive, or  
9 credit provided by the electric utility, or pursuant to any  
10 governmental program, including rebates and incentives provided  
11 pursuant to the California Solar Initiative.

12 (2) An electrical corporation shall include a provision in the net  
13 energy metering contract or tariff requiring that any customer with  
14 an existing electrical generating facility and meter who enters into  
15 a new net energy metering contract shall provide an inspection  
16 report to the electrical corporation, unless the electrical generating  
17 facility and meter have been installed or inspected within the  
18 previous three years. The inspection report shall be prepared by a  
19 California licensed contractor who is not the owner or operator of  
20 the facility and meter. A California licensed electrician shall  
21 perform the inspection of the electrical portion of the facility and  
22 meter.

23 (3) (A) On an annual basis, every electric utility shall make  
24 available to the ratemaking authority information on the total rated  
25 generating capacity used by eligible customer-generators that are  
26 customers of that provider in the provider's service area and the  
27 net surplus electricity purchased by the electric utility pursuant to  
28 this section.

29 (B) An electric service provider operating pursuant to Section  
30 394 shall make available to the ratemaking authority the  
31 information required by this paragraph for each eligible  
32 customer-generator that is their customer for each service area of  
33 an electrical corporation, local publicly owned ~~electrical~~ *electric*  
34 utility, or electrical cooperative, in which the eligible  
35 customer-generator has net energy metering.

36 (C) The ratemaking authority shall develop a process for making  
37 the information required by this paragraph available to electric  
38 utilities, and for using that information to determine when, pursuant  
39 to paragraphs (1) and (4), an electric utility is not obligated to



1 provide net energy metering to additional eligible  
2 customer-generators in its service area.

3 (4) (A) An electric utility that is not a large electrical  
4 corporation is not obligated to provide net energy metering to  
5 additional eligible customer-generators in its service area when  
6 the combined total peak demand of all electricity used by eligible  
7 customer-generators served by all the electric utilities in that  
8 service area furnishing net energy metering to eligible  
9 customer-generators exceeds 5 percent of the aggregate customer  
10 peak demand of those electric utilities.

11 (B) The commission shall require every large electrical  
12 corporation to make the standard contract or tariff available to  
13 eligible customer-generators, continuously and without  
14 interruption, until such times as the large electrical corporation  
15 reaches its net energy metering program limit or July 1, 2017,  
16 whichever is earlier. A large electrical corporation reaches its  
17 program limit when the combined total peak demand of all  
18 electricity used by eligible customer-generators served by all the  
19 electric utilities in the large electrical corporation's service area  
20 furnishing net energy metering to eligible customer-generators  
21 exceeds 5 percent of the aggregate customer peak demand of those  
22 electric utilities. For purposes of calculating a large electrical  
23 corporation's program limit, "aggregate customer peak demand"  
24 means the highest sum of the noncoincident peak demands of all  
25 of the large electrical corporation's customers that occurs in any  
26 calendar year. To determine the aggregate customer peak demand,  
27 every large electrical corporation shall use a uniform method  
28 approved by the commission. The program limit calculated  
29 pursuant to this paragraph shall not be less than the following:

30 (i) For San Diego Gas and Electric Company, when it has made  
31 607 megawatts of nameplate generating capacity available to  
32 eligible customer-generators.

33 (ii) For Southern California Edison Company, when it has made  
34 2,240 megawatts of nameplate generating capacity available to  
35 eligible customer-generators.

36 (iii) For Pacific Gas and Electric Company, when it has made  
37 2,409 megawatts of nameplate generating capacity available to  
38 eligible customer-generators.

39 (C) Every large electrical corporation shall file a monthly report  
40 with the commission detailing the progress toward the net energy



1 metering program limit established in subparagraph (B). The report  
2 shall include separate calculations on progress toward the limits  
3 based on operating solar energy systems, cumulative numbers of  
4 interconnection requests for net energy metering eligible systems,  
5 and any other criteria required by the commission.

6 (D) Beginning July 1, 2017, or upon reaching the net metering  
7 program limit of subparagraph (B), whichever is earlier, the  
8 obligation of a large electrical corporation to provide service  
9 pursuant to a standard contract or tariff shall be pursuant to Section  
10 2827.1 and applicable state and federal requirements.

11 (d) Every electric utility shall make all necessary forms and  
12 contracts for net energy metering and net surplus electricity  
13 compensation service available for download from the Internet.

14 (e) (1) Every electric utility shall ensure that requests for  
15 establishment of net energy metering and net surplus electricity  
16 compensation are processed in a time period not exceeding that  
17 for similarly situated customers requesting new electric service,  
18 but not to exceed 30 working days from the date it receives a  
19 completed application form for net energy metering service or net  
20 surplus electricity compensation, including a signed interconnection  
21 agreement from an eligible customer-generator and the electric  
22 inspection clearance from the governmental authority having  
23 jurisdiction.

24 (2) Every electric utility shall ensure that requests for an  
25 interconnection agreement from an eligible customer-generator  
26 are processed in a time period not to exceed 30 working days from  
27 the date it receives a completed application form from the eligible  
28 customer-generator for an interconnection agreement.

29 (3) If an electric utility is unable to process a request within the  
30 allowable timeframe pursuant to paragraph (1) or (2), it shall notify  
31 the eligible customer-generator and the ratemaking authority of  
32 the reason for its inability to process the request and the expected  
33 completion date.

34 (f) (1) If a customer participates in direct transactions pursuant  
35 to paragraph (1) of subdivision (b) of Section 365, or Section 365.1,  
36 with an electric service provider that does not provide distribution  
37 service for the direct transactions, the electric utility that provides  
38 distribution service for the eligible customer-generator is not  
39 obligated to provide net energy metering or net surplus electricity  
40 compensation to the customer.



(2) If a customer participates in direct transactions pursuant to paragraph (1) of subdivision (b) of Section 365 or 365.1 with an electric service provider, and the customer is an eligible customer-generator, the electric utility that provides distribution service for the direct transactions may recover from the customer's electric service provider the incremental costs of metering and billing service related to net energy metering and net surplus electricity compensation in an amount set by the ratemaking authority.

(g) Except for the time-variant kilowatthour pricing portion of any tariff adopted by the commission pursuant to paragraph (4) of subdivision (a) of Section 2851, each net energy metering contract or tariff shall be identical, with respect to rate structure, all retail rate components, and any monthly charges, to the contract or tariff to which the same customer would be assigned if the customer did not use a renewable electrical generation facility, except that eligible customer-generators shall not be assessed standby charges on the electrical generating capacity or the kilowatthour production of a renewable electrical generation facility. The charges for all retail rate components for eligible customer-generators shall be based exclusively on the customer-generator's net kilowatthour consumption over a 12-month period, without regard to the eligible customer-generator's choice as to from whom it purchases electricity that is not self-generated. Any new or additional demand charge, standby charge, customer charge, minimum monthly charge, interconnection charge, or any other charge that would increase an eligible customer-generator's costs beyond those of other customers who are not eligible customer-generators in the rate class to which the eligible customer-generator would otherwise be assigned if the customer did not own, lease, rent, or otherwise operate a renewable electrical generation facility is contrary to the intent of this section, and shall not form a part of net energy metering contracts or tariffs.

(h) For eligible customer-generators, the net energy metering calculation shall be made by measuring the difference between the electricity supplied to the eligible customer-generator and the electricity generated by the eligible customer-generator and fed back to the electrical grid over a 12-month period. The following rules shall apply to the annualized net metering calculation:



1 (1) The eligible residential or small commercial  
2 customer-generator, at the end of each 12-month period following  
3 the date of final interconnection of the eligible  
4 customer-generator's system with an electric utility, and at each  
5 anniversary date thereafter, shall be billed for electricity used  
6 during that 12-month period. The electric utility shall determine  
7 if the eligible residential or small commercial customer-generator  
8 was a net consumer or a net surplus customer-generator during  
9 that period.

10 (2) At the end of each 12-month period, where the electricity  
11 supplied during the period by the electric utility exceeds the  
12 electricity generated by the eligible residential or small commercial  
13 customer-generator during that same period, the eligible residential  
14 or small commercial customer-generator is a net electricity  
15 consumer and the electric utility shall be owed compensation for  
16 the eligible customer-generator's net kilowatthour consumption  
17 over that 12-month period. The compensation owed for the eligible  
18 residential or small commercial customer-generator's consumption  
19 shall be calculated as follows:

20 (A) For all eligible customer-generators taking service under  
21 contracts or tariffs employing "baseline" and "over baseline" rates,  
22 any net monthly consumption of electricity shall be calculated  
23 according to the terms of the contract or tariff to which the same  
24 customer would be assigned to, or be eligible for, if the customer  
25 was not an eligible customer-generator. If those same  
26 customer-generators are net generators over a billing period, the  
27 net kilowatthours generated shall be valued at the same price per  
28 kilowatthour as the electric utility would charge for the baseline  
29 quantity of electricity during that billing period, and if the number  
30 of kilowatthours generated exceeds the baseline quantity, the excess  
31 shall be valued at the same price per kilowatthour as the electric  
32 utility would charge for electricity over the baseline quantity during  
33 that billing period.

34 (B) For all eligible customer-generators taking service under  
35 contracts or tariffs employing time-of-use rates, any net monthly  
36 consumption of electricity shall be calculated according to the  
37 terms of the contract or tariff to which the same customer would  
38 be assigned, or be eligible for, if the customer was not an eligible  
39 customer-generator. When those same customer-generators are  
40 net generators during any discrete time-of-use period, the net



1 kilowatthours produced shall be valued at the same price per  
2 kilowatthour as the electric utility would charge for retail  
3 kilowatthour sales during that same time-of-use period. If the  
4 eligible customer-generator's time-of-use electrical meter is unable  
5 to measure the flow of electricity in two directions, paragraph (1)  
6 of subdivision (c) shall apply.

7 (C) For all eligible residential and small commercial  
8 customer-generators and for each billing period, the net balance  
9 of moneys owed to the electric utility for net consumption of  
10 electricity or credits owed to the eligible customer-generator for  
11 net generation of electricity shall be carried forward as a monetary  
12 value until the end of each 12-month period. For all eligible  
13 commercial, industrial, and agricultural customer-generators, the  
14 net balance of moneys owed shall be paid in accordance with the  
15 electric utility's normal billing cycle, except that if the eligible  
16 commercial, industrial, or agricultural customer-generator is a net  
17 electricity producer over a normal billing cycle, any excess  
18 kilowatthours generated during the billing cycle shall be carried  
19 over to the following billing period as a monetary value, calculated  
20 according to the procedures set forth in this section, and appear as  
21 a credit on the eligible commercial, industrial, or agricultural  
22 customer-generator's account, until the end of the annual period  
23 when paragraph (3) shall apply.

24 (3) At the end of each 12-month period, where the electricity  
25 generated by the eligible customer-generator during the 12-month  
26 period exceeds the electricity supplied by the electric utility during  
27 that same period, the eligible customer-generator is a net surplus  
28 customer-generator and the electric utility, upon an affirmative  
29 election by the net surplus customer-generator, shall either (A)  
30 provide net surplus electricity compensation for any net surplus  
31 electricity generated during the prior 12-month period, or (B) allow  
32 the net surplus customer-generator to apply the net surplus  
33 electricity as a credit for kilowatthours subsequently supplied by  
34 the electric utility to the net surplus customer-generator. For an  
35 eligible customer-generator that does not affirmatively elect to  
36 receive service pursuant to net surplus electricity compensation,  
37 the electric utility shall retain any excess kilowatthours generated  
38 during the prior 12-month period. The eligible customer-generator  
39 not affirmatively electing to receive service pursuant to net surplus  
40 electricity compensation shall not be owed any compensation for



1 the net surplus electricity unless the electric utility enters into a  
2 purchase agreement with the eligible customer-generator for those  
3 excess kilowatthours. Every electric utility shall provide notice to  
4 eligible customer-generators that they are eligible to receive net  
5 surplus electricity compensation for net surplus electricity, that  
6 they must elect to receive net surplus electricity compensation,  
7 and that the 12-month period commences when the electric utility  
8 receives the eligible customer-generator's election. For an electric  
9 utility that is an electrical corporation or electrical cooperative,  
10 the commission may adopt requirements for providing notice and  
11 the manner by which eligible customer-generators may elect to  
12 receive net surplus electricity compensation.

13 (4) (A) An eligible customer-generator with multiple meters  
14 may elect to aggregate the electrical load of the meters located on  
15 the property where the renewable electrical generation facility is  
16 located and on all property adjacent or contiguous to the property  
17 on which the renewable electrical generation facility is located, if  
18 those properties are solely owned, leased, or rented by the eligible  
19 customer-generator. If the eligible customer-generator elects to  
20 aggregate the electric load pursuant to this paragraph, the electric  
21 utility shall use the aggregated load for the purpose of determining  
22 whether an eligible customer-generator is a net consumer or a net  
23 surplus customer-generator during a 12-month period.

24 (B) If an eligible customer-generator chooses to aggregate  
25 pursuant to subparagraph (A), the eligible customer-generator shall  
26 be permanently ineligible to receive net surplus electricity  
27 compensation, and the electric utility shall retain any kilowatthours  
28 in excess of the eligible customer-generator's aggregated electrical  
29 load generated during the 12-month period.

30 (C) If an eligible customer-generator with multiple meters elects  
31 to aggregate the electrical load of those meters pursuant to  
32 subparagraph (A), and different rate schedules are applicable to  
33 service at any of those meters, the electricity generated by the  
34 renewable electrical generation facility shall be allocated to each  
35 of the meters in proportion to the electrical load served by those  
36 meters. For example, if the eligible customer-generator receives  
37 electric service through three meters, two meters being at an  
38 agricultural rate that each provide service to 25 percent of the  
39 customer's total load, and a third meter, at a commercial rate, that  
40 provides service to 50 percent of the customer's total load, then



1 50 percent of the electrical generation of the eligible renewable  
2 generation facility shall be allocated to the third meter that provides  
3 service at the commercial rate and 25 percent of the generation  
4 shall be allocated to each of the two meters providing service at  
5 the agricultural rate. This proportionate allocation shall be  
6 computed each billing period.

7 (D) This paragraph shall not become operative for an electrical  
8 corporation unless the commission determines that allowing  
9 eligible customer-generators to aggregate their load from multiple  
10 meters will not result in an increase in the expected revenue  
11 obligations of customers who are not eligible customer-generators.  
12 The commission shall make this determination by September 30,  
13 2013. In making this determination, the commission shall determine  
14 if there are any public purpose or other noncommodity charges  
15 that the eligible customer-generators would pay pursuant to the  
16 net energy metering program as it exists prior to aggregation, that  
17 the eligible customer-generator would not pay if permitted to  
18 aggregate the electrical load of multiple meters pursuant to this  
19 paragraph.

20 (E) A local publicly owned electric utility or electrical  
21 cooperative shall only allow eligible customer-generators to  
22 aggregate their load if the utility's ratemaking authority determines  
23 that allowing eligible customer-generators to aggregate their load  
24 from multiple meters will not result in an increase in the expected  
25 revenue obligations of customers that are not eligible  
26 customer-generators. The ratemaking authority of a local publicly  
27 owned electric utility or electrical cooperative shall make this  
28 determination within 180 days of the first request made by an  
29 eligible customer-generator to aggregate their load. In making the  
30 determination, the ratemaking authority shall determine if there  
31 are any public purpose or other noncommodity charges that the  
32 eligible customer-generator would pay pursuant to the net energy  
33 metering or co-energy metering program of the utility as it exists  
34 prior to aggregation, that the eligible customer-generator would  
35 not pay if permitted to aggregate the electrical load of multiple  
36 meters pursuant to this paragraph. If the ratemaking authority  
37 determines that load aggregation will not cause an incremental  
38 rate impact on the utility's customers that are not eligible  
39 customer-generators, the local publicly owned electric utility or  
40 electrical cooperative shall permit an eligible customer-generator



1 to elect to aggregate the electrical load of multiple meters pursuant  
2 to this paragraph. The ratemaking authority may reconsider any  
3 determination made pursuant to this subparagraph in a subsequent  
4 public proceeding.

5 (F) For purposes of this paragraph, parcels that are divided by  
6 a street, highway, or public thoroughfare are considered contiguous,  
7 provided they are otherwise contiguous and under the same  
8 ownership.

9 (G) An eligible customer-generator may only elect to aggregate  
10 the electrical load of multiple meters if the renewable electrical  
11 generation facility, or a combination of those facilities, has a total  
12 generating capacity of not more than one megawatt.

13 (H) Notwithstanding subdivision (g), an eligible  
14 customer-generator electing to aggregate the electrical load of  
15 multiple meters pursuant to this subdivision shall remit service  
16 charges for the cost of providing billing services to the electric  
17 utility that provides service to the meters.

18 (5) (A) The ratemaking authority shall establish a net surplus  
19 electricity compensation valuation to compensate the net surplus  
20 customer-generator for the value of net surplus electricity generated  
21 by the net surplus customer-generator. The commission shall  
22 establish the valuation in a ratemaking proceeding. The ratemaking  
23 authority for a local publicly owned electric utility shall establish  
24 the valuation in a public proceeding. The net surplus electricity  
25 compensation valuation shall be established so as to provide the  
26 net surplus customer-generator just and reasonable compensation  
27 for the value of net surplus electricity, while leaving other  
28 ratepayers unaffected. The ratemaking authority shall determine  
29 whether the compensation will include, where appropriate  
30 justification exists, either or both of the following components:

31 (i) The value of the electricity itself.

32 (ii) The value of the renewable attributes of the electricity.

33 (B) In establishing the rate pursuant to subparagraph (A), the  
34 ratemaking authority shall ensure that the rate does not result in a  
35 shifting of costs between eligible customer-generators and other  
36 bundled service customers.

37 (6) (A) Upon adoption of the net surplus electricity  
38 compensation rate by the ratemaking authority, any renewable  
39 energy credit, as defined in Section 399.12, for net surplus  
40 electricity purchased by the electric utility shall belong to the



1 electric utility. Any renewable energy credit associated with  
2 electricity generated by the eligible customer-generator that is  
3 utilized by the eligible customer-generator shall remain the property  
4 of the eligible customer-generator.

5 (B) Upon adoption of the net surplus electricity compensation  
6 rate by the ratemaking authority, the net surplus electricity  
7 purchased by the electric utility shall count toward the electric  
8 utility's renewables portfolio standard annual procurement targets  
9 for the purposes of paragraph (1) of subdivision (b) of Section  
10 399.15, or for a local publicly owned electric utility, the renewables  
11 portfolio standard annual procurement targets established pursuant  
12 to Section 399.30.

13 (7) The electric utility shall provide every eligible residential  
14 or small commercial customer-generator with net electricity  
15 consumption and net surplus electricity generation information  
16 with each regular bill. That information shall include the current  
17 monetary balance owed the electric utility for net electricity  
18 consumed, or the net surplus electricity generated, since the last  
19 12-month period ended. Notwithstanding this subdivision, an  
20 electric utility shall permit that customer to pay monthly for net  
21 energy consumed.

22 (8) If an eligible residential or small commercial  
23 customer-generator terminates the customer relationship with the  
24 electric utility, the electric utility shall reconcile the eligible  
25 customer-generator's consumption and production of electricity  
26 during any part of a 12-month period following the last  
27 reconciliation, according to the requirements set forth in this  
28 subdivision, except that those requirements shall apply only to the  
29 months since the most recent 12-month bill.

30 (9) If an electric service provider or electric utility providing  
31 net energy metering to a residential or small commercial  
32 customer-generator ceases providing that electric service to that  
33 customer during any 12-month period, and the customer-generator  
34 enters into a new net energy metering contract or tariff with a new  
35 electric service provider or electric utility, the 12-month period,  
36 with respect to that new electric service provider or electric utility,  
37 shall commence on the date on which the new electric service  
38 provider or electric utility first supplies electric service to the  
39 customer-generator.



(i) Notwithstanding any other provisions of this section, paragraphs (1), (2), and (3) shall apply to an eligible customer-generator with a capacity of more than 10 kilowatts, but not exceeding one megawatt, that receives electric service from a local publicly owned electric utility that has elected to utilize a co-energy metering program unless the local publicly owned electric utility chooses to provide service for eligible customer-generators with a capacity of more than 10 kilowatts in accordance with subdivisions (g) and (h):

(1) The eligible customer-generator shall be required to utilize a meter, or multiple meters, capable of separately measuring electricity flow in both directions. All meters shall provide time-of-use measurements of electricity flow, and the customer shall take service on a time-of-use rate schedule. If the existing meter of the eligible customer-generator is not a time-of-use meter or is not capable of measuring total flow of electricity in both directions, the eligible customer-generator shall be responsible for all expenses involved in purchasing and installing a meter that is both time-of-use and able to measure total electricity flow in both directions. This subdivision shall not restrict the ability of an eligible customer-generator to utilize any economic incentives provided by a governmental agency or an electric utility to reduce its costs for purchasing and installing a time-of-use meter.

(2) The consumption of electricity from the local publicly owned electric utility shall result in a cost to the eligible customer-generator to be priced in accordance with the standard rate charged to the eligible customer-generator in accordance with the rate structure to which the customer would be assigned if the customer did not use a renewable electrical generation facility. The generation of electricity provided to the local publicly owned electric utility shall result in a credit to the eligible customer-generator and shall be priced in accordance with the generation component, established under the applicable structure to which the customer would be assigned if the customer did not use a renewable electrical generation facility.

(3) All costs and credits shall be shown on the eligible customer-generator's bill for each billing period. In any months in which the eligible customer-generator has been a net consumer of electricity calculated on the basis of value determined pursuant to paragraph (2), the customer-generator shall owe to the local



publicly owned electric utility the balance of electricity costs and credits during that billing period. In any billing period in which the eligible customer-generator has been a net producer of electricity calculated on the basis of value determined pursuant to paragraph (2), the local publicly owned electric utility shall owe to the eligible customer-generator the balance of electricity costs and credits during that billing period. Any net credit to the eligible customer-generator of electricity costs may be carried forward to subsequent billing periods, provided that a local publicly owned electric utility may choose to carry the credit over as a kilowatthour credit consistent with the provisions of any applicable contract or tariff, including any differences attributable to the time of generation of the electricity. At the end of each 12-month period, the local publicly owned electric utility may reduce any net credit due to the eligible customer-generator to zero.

(j) A renewable electrical generation facility used by an eligible customer-generator shall meet all applicable safety and performance standards established by the National Electrical Code, the Institute of Electrical and Electronics Engineers, and accredited testing laboratories, including Underwriters Laboratories Incorporated and, where applicable, rules of the commission regarding safety and reliability. A customer-generator whose renewable electrical generation facility meets those standards and rules shall not be required to install additional controls, perform or pay for additional tests, or purchase additional liability insurance.

(k) If the commission determines that there are cost or revenue obligations for an electrical corporation that may not be recovered from customer-generators acting pursuant to this section, those obligations shall remain within the customer class from which any shortfall occurred and shall not be shifted to any other customer class. Net energy metering and co-energy metering customers shall not be exempt from the public goods charges imposed pursuant to Article 7 (commencing with Section 381), Article 8 (commencing with Section 385), or Article 15 (commencing with Section 399) of Chapter 2.3 of Part 1.

(l) A net energy metering, co-energy metering, or wind energy co-metering customer shall reimburse the Department of Water Resources for all charges that would otherwise be imposed on the customer by the commission to recover bond-related costs pursuant



1 to an agreement between the commission and the Department of  
2 Water Resources pursuant to Section 80110 of the Water Code,  
3 as well as the costs of the department equal to the share of the  
4 department's estimated net unavoidable power purchase contract  
5 costs attributable to the customer. The commission shall  
6 incorporate the determination into an existing proceeding before  
7 the commission, and shall ensure that the charges are  
8 nonbypassable. Until the commission has made a determination  
9 regarding the nonbypassable charges, net energy metering,  
10 co-energy metering, and wind energy co-metering shall continue  
11 under the same rules, procedures, terms, and conditions as were  
12 applicable on December 31, 2002.

13 (m) In implementing the requirements of subdivisions (k) and  
14 (l), an eligible customer-generator shall not be required to replace  
15 its existing meter except as set forth in paragraph (1) of subdivision  
16 (c), nor shall the electric utility require additional measurement of  
17 usage beyond that which is necessary for customers in the same  
18 rate class as the eligible customer-generator.

19 (n) It is the intent of the Legislature that the Treasurer  
20 incorporate net energy metering, including net surplus electricity  
21 compensation, co-energy metering, and wind energy co-metering  
22 projects undertaken pursuant to this section as sustainable building  
23 methods or distributive energy technologies for purposes of  
24 evaluating low-income housing projects.